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GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES ENGAGEMENT
FOR THE YEAR ENDED JUNE 30, 2003

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3.3.04

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**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
TO THE ACCOUNTING RECORDS**

Dr. Neri Warner, Acting President
Grambling State University
Grambling, Louisiana 71245

At your request, we have performed the agreed-upon procedures, as enumerated below, which were agreed to by management of the **Grambling State University (the University)**, to the accounting records of the **Intercollegiate Athletics Program** as of the year ended June 30, 2003, solely to assist the University in complying with NCAA Bylaw 6.2.3.1. **The University** is responsible for the accounting records of the Intercollegiate Athletics Program. The State of Louisiana Legislative Auditor audited the general purpose financial statements of **the University** for the year ended June 30, 2003. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. Our procedures and findings were as follows:

- A. We agreed the revenue and expenditure amounts per the Schedule of Revenues and Expenditures for the year ended June 30, 2003 to the audited general ledger and noted no exceptions.

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
TO THE ACCOUNTING RECORDS**

(CONTINUED)

Dr. Neari Warner, Acting President
Grambling State University
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- B. We verified amounts reported as ticket sales by reviewing appropriate documentation (i.e. sales, reports, receipts, etc.), recalculating the number of tickets sold by reference to the ticket price and comparing amounts calculated to the final box office statements and we vouched supporting cash receipts. As a result of the procedures performed, we noted no exceptions.
- C. We agreed the amounts reported as game guarantee revenues and expenditures to **the University's** contract with other Universities and additionally, we vouched supporting cash receipts and cash disbursements accordingly. We noted no exceptions as a result of this procedure.
- D. We agreed NCAA distributions and other miscellaneous revenue to applicable supporting documentation and noted no exceptions.
- E. We compared current payroll amounts to the prior year's amount and reconciled all variances greater than a pre-determined amount. We also reviewed supporting personnel action forms noting appropriate approval for the related wages and fringe benefits increases and/or decreases. We noted no exceptions as a result of these procedures.

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
TO THE ACCOUNTING RECORDS**

(CONTINUED)

Dr. Neari Warner, Acting President
Grambling State University
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- F. We vouched a random sample of expenditure amounts and reviewed the related purchasing documents, invoices and cancelled checks. We noted no exceptions as a result of this procedures.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the acting President, her designees and authorized representatives of the National Collegiate Athletic Association and is not intended to be and should not be used by anyone other than these specified parties.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

September 5, 2003

GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAMS
SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2003

	Bayou Classic		Sub-total		Non-Program			Total
	Football	Activity	Football	Basketball	Other Sports	Specific		
Operating Revenues:								
Ticket sales	\$ 669,920	\$ 698,254	\$ 1,368,174	\$ 6,216	\$ 2,771	\$ 0	\$ 1,377,161	
Guarantees	50,000	0	50,000	288,500	2,000	0	340,500	
State Appropriations (NOTE 3)	0	0	0	0	0	1,969,623	1,969,623	
NCAA revenue distribution (NOTE 8)	0	0	0	0	0	222,940	222,940	
Other revenue	0	0	0	0	56	32,272	32,328	
Total operating revenues	719,920	698,254	1,418,174	294,716	4,827	2,224,835	3,942,552	
Operating Expenditures:								
Personal services	461,747	4,157	465,904	310,955	402,578	794,662	1,974,099	
Professional services	14,000	0	14,000	0	0	248,024	262,024	
Travel	164,653	109,401	274,054	212,427	264,555	58,735	809,771	
Supplies	135,907	0	135,907	33,097	48,776	109,831	327,611	
Printing	23,325	59	23,384	0	353	1,884	25,621	
Rentals	15,415	0	15,415	0	0	5,167	20,582	
Game Guarantees	46,000	3,000	49,000	5,123	0	0	54,123	
Other charges	68,003	54,207	122,210	55,255	83,743	81,943	343,152	
Major Repairs	13,848	0	13,848	2,488	113	10,000	26,449	
Scholarships	329,516	0	329,516	131,118	400,696	0	861,330	
Total operating expenditures	1,272,414	170,824	1,443,238	750,463	1,200,814	1,310,247	4,704,762	
Excess expenditures over revenues	\$ -552,494	\$ 527,430	\$ -25,064	\$ -455,747	\$ -1,195,987	\$ 914,588	\$ -762,210	

The accompanying notes are an integral part of this schedule.

**GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES ENGAGEMENT
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2003**

NOTE 1 - Organization

Grambling State University (GSU) which is located in Grambling, Louisiana is an institution of higher education founded in 1901.

The University is a component unit of the State of Louisiana within the executive branch of government and is governed by the University of Louisiana Board of Supervisors under the direction of the Board of Regents. The annual budget of **the University** and any proposed changes to degree programs, or departments of instruction, etc., require the recommendations of the University of Louisiana Board of Supervisors and the approval of the Louisiana Board of Regents.

The University has an enrollment of approximately 4,561 students and is accredited by the Southern Association of Colleges and Schools and the National Council for Accreditation of Teachers Education .

The University operates the following Intercollegiate Athletics Programs:

- Football;
- Basketball (men and women);
- Baseball;
- Tennis (men and women);
- Golf (men and women);
- Track (men and women);
- Volleyball (women);
- Softball (women);
- Bowling (women); and
- Soccer.

GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES ENGAGEMENT
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2003

NOTE 2 - Summary of Significant Accounting Policies:

Basis of Reporting

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement Nos. 34, Basic Financial Statement - and Management Discussion and Analysis - for State and Local Governments and 35, Basic Financial Statement - and Management Discussion and Analysis - for State and Local Governments. The financial statement presentation required by GASB 34 and 35 replaces the fund-group perspective previously required and provides a comprehensive, entity-wide perspective of the institution's assets, liabilities, net assets, revenues, expenses, and changes in net assets, and cash flows.

The accompanying Schedule of Revenues and Expenditures (the Schedule) for the Intercollegiate Athletics Program has been prepared in the format set forth in the NCAA Audit Guide. The purpose of the Schedule is to present a summary of those activities of **Grambling State University** for the year ended June 30, 2003 which relate to intercollegiate athletics.

Because the Schedule presents only a selected portion of the activities of **the University**, it is not intended to and does not present either the financial position, changes in fund balances or the current fund's revenues, expenditures and other changes of the University.

The component unit general purpose financial statements were audited by the State of Louisiana Legislative auditors for the year ended June 30, 2003.

**GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES ENGAGEMENT
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2003**

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Basis of Reporting, Continued

The accounting principles followed by **the University** in preparing the accompanying Schedule are as follows:

o Fund Accounting

For financial reporting purposes, **the University** is considered a special-purpose government engaged only in business-type activities. All activities of **the University** are accounted for within a single propriety (enterprise) fund. Accordingly, **Grambling State University's** financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

The Schedule of Revenues and Expenditures for the Intercollegiate Athletics Program has been prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles.

The preparation of the Schedule of Revenues and Expenditures in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as expenditures.

GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES ENGAGEMENT
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2003

NOTE 3 - Capital Outlays:

Capital assets are recorded as additions to capital assets on the Statement on Net Assets and as a fund addition to Net Assets Invested in Capital Assets, net of related debt.

NOTE 4 - State Appropriation:

Grambling State University is a publicly supported institution of higher education. As a state university, operations of **the University's** programs are funded through annual lapsing appropriations made by the Louisiana Legislature.

State appropriations as shown on the Schedule of Revenues and Expenditures for Intercollegiate Athletics represents the State appropriation budgeted for **the University's** intercollegiate athletic program for the year ended June 30, 2003.

NOTE 5 - Ticket Sales:

Ticket sale revenues include the net proceeds received for participating in the Classics, and the gross revenue for all home games.

NOTE 6 - Bayou Classic:

Ticket sales revenue included the net proceeds from the Bayou Classic. Revenues and direct expenditures are recorded in **the University's** Statement of Revenues, Expenses and Other Changes as auxiliary enterprises for intercollegiate athletic.

**GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES ENGAGEMENT
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2003**

NOTE 7 - Outside Organizations:

Grambling State University's Intercollegiate Athletics Program is the recipient of contributions to or on behalf of the program by the Grambling University Athletic Foundation (the Athletic Foundation) and other affiliated outside organization. The financial activities of the Athletic Foundation for the year ended June 30, 2003 were provided to **the University**, but are not included in the Schedule of Revenues and Expenditures.

NOTE 8 - NCAA Revenue Distribution:

The Intercollegiate Athletics Program received revenues during the year from the NCAA for certain intercollegiate athletic activities. The amount received was calculated by the NCAA in accordance with a distribution formula which is utilized to determine the amount to be remitted to all participating institutions.



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**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES -
INTERNAL CONTROL OVER FINANCIAL REPORTING
FOR THE INTERCOLLEGIATE ATHLETICS PROGRAM**

Dr. Neri Warner, Acting President
Grambling State University
Grambling, Louisiana 71245

We have performed the procedures enumerated below, which were agreed to by the management of **Grambling State University**. They were performed solely to assist the users in evaluating whether **Grambling State University** maintained an effective internal controls over financial reporting for the Intercollegiate Athletics Program as of June 30, 2003. The management of the **University** is responsible for **Grambling State University's Intercollegiate Athletics Program's** internal control over financial reporting. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

- A. We reviewed the athletic department's organization and the use of internal auditors in the department to ensure adherence to established policies and procedures. We noted no exceptions as a result of this procedures.
- B. We reviewed the flow of information through the accounting system for randomly selected revenue, cash receipts and cash disbursement transactions. We noted no exceptions as a result of this procedure.

INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES -
INTERNAL CONTROL OVER FINANCIAL REPORTING
FOR THE INTERCOLLEGIATE ATHLETICS PROGRAM
(CONTINUED)

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on the effectiveness of internal control over financial reporting. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the acting President, her designees and authorized representatives of the NCAA and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor for the State of Louisiana as a public document.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

September 5, 2003



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**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES -
COMPLIANCE WITH STATE LAWS AND REGULATIONS**

Dr. Neari Warner, Acting President
Grambling State University
Grambling, Louisiana 71245

We have performed the procedures enumerated below, which were agreed to by the management of **Grambling State University (the University)**. They were performed solely to assist the users in evaluating the effectiveness about **Grambling State University's Intercollegiate Athletics Program's** internal control over compliance with state laws and regulations as of June 30, 2003. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings were as follows:

- A. We reviewed and tested certain representations made by management in the Louisiana Compliance Questionnaire (the Questionnaire) which related to the operations of the Intercollegiate Athletics Program. We noted no exceptions as a result of this procedure.

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES -
COMPLIANCE WITH STATE LAWS AND REGULATIONS
(CONTINUED)

- B. We reviewed the Athletic Department's compliance with state travel regulations and competitive bid requirements by randomly testing expenditure transactions. We noted no exceptions as a result of this procedure.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the effectiveness of internal controls over compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the acting President, her designees and authorized representatives of the NCAA and is not intended to be and should not be used by anyone other than these specified parties.

Bruno & Tervalon LLP
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September 5, 2003



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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES -
TO THE FINANCIAL STATEMENTS OF AN OUTSIDE ORGANIZATION

Dr. Neari Warner, Acting President
Grambling State University
Grambling, Louisiana 71245

At your request, we have performed the agreed-upon procedures, as enumerated below, which were agreed to by management of **Grambling State University (the University)**, solely to assist you with respect to activities of the Intercollegiate Athletics Program and the Grambling Athletic Foundation (an outside organization).

This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures below either for the purpose for which this report has been requested or for any other purpose. Our procedures and findings were as follows:

- A. We obtained the statements of financial position and cash flows and the accompanying statements of activities of the **Grambling University Athletic Foundation (the Foundation)** for the year ended June 30, 2003, which had been audited by other independent auditors who expressed an unqualified opinion on those statements.

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES -
TO THE FINANCIAL STATEMENTS OF AN OUTSIDE ORGANIZATION

(CONTINUED)

We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the acting President, her designees and authorized representatives of the National Collegiate Athletic Association and is not intended to be and should not be used by anyone other than these specified users.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

September 5, 2003

GRAMBLING UNIVERSITY ATHLETIC FOUNDATION
Statement of Activities and Changes in Net Assets
For the Year Ended
June 30, 2003

	Unrestricted	Temporarily Restricted	Total
Support and Revenue:			
Contributions	\$ 5,862	\$ 249,833	\$ 255,695
Fundraisers	17,294	25,084	42,378
Membership Dues (Tiger Club)	28,349	-	28,349
Other Revenue			
Interest	4,191	3,260	7,451
Dividends	1,086	-	1,086
Realized Gains (Losses)	8,086	-	8,086
Unrealized Gains (Losses)	(10,143)	-	(10,143)
Reclassifications of Net Assets:	8,345	(8,345)	-
Net Assets Released from Restrictions:			
Restrictions Satisfied by Payments	262,035	(262,035)	-
Total Support, Revenue, Reclassifications, and Releases from Restrictions	325,105	7,797	332,902
Expenses			
General and Administrative Expenses	16,364	-	16,364
Fundraiser Expenses	8,877	-	8,877
Program Expenses	269,482	-	269,482
Total Expenses	294,723	-	294,723
Changes in Net Assets	30,382	7,797	38,179
Other Changes in Net Assets			
Prior Period Adjustments	123,181	364,618	487,799
Total Other Changes in Net Assets	123,181	364,618	487,799
Total Change in Net Assets	153,563	372,415	525,978
Net Assets as of Beginning of Year	12	2,031	2,043
Net Assets as of End of Year	\$ 153,575	\$ 374,446	\$ 528,021

See Accompanying Auditors' Report and Notes to Financial Statements.

**GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES ENGAGEMENT
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2003**

**1. Independent Accountants' Report on Applying Agreed Upon
Procedures to the Accounting Records**

Reference Section: A

Description of Finding: Bayou Classic revenues per the general ledger differed from amounts recorded in the Bayou Classic Settlement Statement.

Initial Year of Finding: June 30, 2001

Page Number: Page 2

Status of Finding (check one):

Fully Corrected	<u> X </u>	Not Corrected	<u> </u>
Partially Corrected	<u> </u>	No Further Action Needed	<u> </u>

Description of Status: The University has developed new procedures and reorganized the staffing of the athletic business department to ensure that proper accounting and reconciliations are performed to eliminate this problem. In the future, gross ticket sales revenue will be recorded and expenditures on the settlement statement will be charged to the athletic department or reimbursed by Bayou Classic accounts maintained by the Grambling State University National Alumni Association.

See the current year's finding located at the Independent Accountants' Report on Applying Agreed-Upon Procedures – Section B

**GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES ENGAGEMENT
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2003**

2. Independent Accountants' Report on Applying Agreed Upon Procedures -Internal Control over Financial Reporting For the Intercollegiate Athletics Program.

Reference Section: A

Description of Finding: The Office of Business Services lacked a proper segregation of duties, and a periodic inventory of unsold pre-numbered ticket stock paper and internal audits of athletic ticket sales were not performed during the year.

Initial Year of Finding: June 30, 2000

Page Number: Page 10 - 11

Status of Finding (check one):

Fully Corrected	<u> x </u>	Not Corrected	<u> </u>
Partially Corrected	<u> </u>	No Further Action Needed	<u> </u>

Description of Status: The University is in the process of reorganization as well as evaluating the staffing needs of the Athletic Business Office. Subsequent to the evaluation of the Business Office, the former Budget Director was transferred to the ticket office and a new accountant is being recruited to ensure proper segregation of duties. The University now has a fully staffed internal audit department who will inventory the ticket stock paper and conduct internal audits of athletic ticket sales.

See the current year's finding located at the Independent Accountants' Report on Applying Agreed-Upon Procedures – Internal Controls over Financial Reporting for the Intercollegiate Athletics Program – Section A.

Reference Section: B

**GRAMBLING STATE UNIVERSITY
 INTERCOLLEGIATE ATHLETICS PROGRAM
 AGREED-UPON PROCEDURES ENGAGEMENT
 SCHEDULE OF PRIOR YEAR FINDINGS
 FOR THE YEAR ENDED JUNE 30, 2003**

Description of Finding: During the review of selected revenues, cash receipts, and cash disbursement transactions, we noted that transactions were not being properly classified in the general ledger.

Initial Year of Finding: June 30, 2000

Page Number: Page 11

Status of Finding (check one):

Fully Corrected	<u> X </u>	Not Corrected	<u> </u>
Partially Corrected	<u> </u>	No Further Action Needed	<u> </u>

Description of Status:

See the current year's finding located at the Independent Accountants' Report on Applying Agreed-Upon Procedures – Internal Controls over Financial Reporting for the Intercollegiate Athletics Program – Section B.

Reference Section: Independent Accountants' Report on Applying Agreed Upon Procedures-Compliance with State Laws and Regulations Section A.

Description of Finding: During the review of the University's compliance with State Laws and Regulations, we noted that the agreed upon procedures engagement was not submitted timely.

Initial Year of Finding: June 30, 2001

Page Number: Page 12

Status of Finding (check one):

Fully Corrected	<u> X </u>	Not Corrected	<u> </u>
Partially Corrected	<u> </u>	No Further Action Needed	<u> </u>

Description of Status:

See the current year's finding located at the Independent Accountants' Report on Applying Agreed-Upon Procedures – Compliance with State Laws and Regulations – Section A.

**GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES ENGAGEMENT**

EXIT CONFERENCE

An exit conference was held with representatives of the **University**. Those individuals participating were as follows:

GRAMBLING STATE UNIVERSITY

Mr. Billy R. Owens, CPA	--	Vice President of Finance
Mr. Norman E. Jones	--	Associate Vice President of Finance and Controller
Mr. Albert R. Dennis, III	--	Athletic Director

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Michael B. Bruno, CPA	--	Managing Partner
Mr. Sean Bruno, CPA	--	Manager
Mr. Gerald Burton, MBA	--	In-Charge Accountant